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LB 209

Revision: 04

Revised due to amendment adopted on return to Select File.

# FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *				
	FY 2012-13		FY 2013-14	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS			\$35,365	(\$3,100,000)
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS			\$35,365	(\$3,100,000)

\*Does not include any impact on political subdivisions. See narrative for political subdivision estimates.

LB 209 amends Nebraska Revised Statutes regarding the collection of the local option sales tax and refunds deducted from the same and providing information on sales tax records.

The bill, as amended by AM2277, amends Section 77-27,144 and imposes a one year delay on the deduction of local option sales tax refunds made pursuant to the Employment and Investment Growth Act (Sec. 77-4105) or the Nebraska Advantage Act (Sec. 77-5725) from sales taxes remitted to first and second class cities and villages. The Department of Revenue is required to notify the municipality of the pending deduction, the amount of the deduction, and the month in which the deduction will be made.

The bill, as amended, now also provides that when the total amount of refunds exceeds 25% of the municipality's sale and use tax receipts for the prior fiscal year, net of any refunds or collection fees, the Department of Revenue in addition to the one-year notification shall deduct those refunds from the municipality's receipts over the period of a year in twelve equal monthly payments.

The bill, as amended by AM 2713, delays implementation of this portion of LB 209 until January 1, 2014.

NOTE: The bill as originally introduced only required notification of those refunds due as a result of Section 77-4105.

The Department of Revenue indicates there will be minimal costs to implement LB 209, as amended by AM2277.

There is no basis to disagree with the Department of Revenue's estimate of fiscal impact or cost.

The bill, as amended by AM2193, incorporates the provisions of LB 489 and amends Sections 77-2711 and 77-27,144.

Section 77-2711, dealing mainly with confidentiality of tax records, is amended to allow a municipality that has the local option sales tax to inspect confidential sales tax records of businesses that have a sales tax permit for locations inside the boundaries of the municipality. The municipality is to certify one person to examine the information and the examination may only be done on the premises of the Department of Revenue. The certified person may not disclose any information obtained from the review of the tax records; if the certified person does disclose the information they shall be guilty of a Class I misdemeanor.

The Department of Revenue originally estimated administration costs of \$30,895 for FY2011-12, \$33,670 for FY2012-13, and \$35,365 for FY2013-14. This is based on the current requests for information, the amount of time necessary to collect this information, the time necessary to adequately safeguard confidential taxpayer information, and the potential uses that may generate requests. The Department estimates it will require a 1.0 FTE Accounting Clerk II to plan for and assist certified persons with their research. Other costs are expected to be minimal. We have adjusted this estimate accordingly to the appropriate fiscal years.

While we do not disagree with the Department's estimate of cost to implement LB 209 as amended, we do believe the expenditure for FY2012-13 can be offset by savings incurred by the Department as a result of other legislation and as a result can be absorbed by the Department.